

Message Text

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PAGE 01 LIMA 0516Z 131416Z
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C O N F I D E N T I A L LIMA 5162

E.O. 11652: GDS
TAGS: PINT, PE
SUBJECT: PL 480 TITLE II ASSISTANCE TO PERU

REF: (A) LIMA 5036; (B) LIMA 5071

1. AS INDICATED IN REF A, THE GOP HAS ASKED FOR USG HELP IN MEETING THE INCREASINGLY CRITICAL PROBLEM OF HUNGER IN THIS COUNTRY. FOREIGN MINISTER DEL LA PUENTE AND I HAVE BEEN DISCUSSING THE POSSIBILITIES FOR SOME WEEKS NOW. FINANCE MINISTER SILVA RUETE RAISED THE ISSUE WITH ME DURING A MEETING JUNE 5. I GAVE BOTH MINISTERS A RUNDOWN ALONG THE LINES OF REF B ON WHAT WE HAVE DONE TO EXPAND TITLE II ACTIVITIES AND WHAT FURTHER WE MIGHT BE ABLE TO DO. I HAVE SINCE GIVEN THEM BOTH WRITTEN SUMMARIES.

2. A MAJOR OBSTACLE TO AGGRESSIVE EXPANSION OF TITLE II IS THE RELUCTANCE OF THE OLD-LINE PVO'S TO GET INTO WIDESPREAD TITLE II FEEDING PROGRAMS, AN UNDERSTANDABLE RELUCTANCE IN VIEW OF VARIOUS UNHAPPY PAST EXPERIENCES ELSEWHERE IN LATIN AMERICA AND BECAUSE OF THE HEAVY ADMINISTRATIVE BURDENS INVOLVED. ONE RESULT HAS BEEN GREAT DIFFICULTY IN FINDING A MECHANISM FOR ESTABLISHING A FOOD-FOR-WORK PROGRAM IN THE PUEBLOS JOVENES WHERE THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LIMA 0516Z 131416Z

AID DIRECTOR AND I BELIEVE THE NEED IS MOST PRESSING. SILVA RUETE SAID HE COULD FIND A MECHANISM. I SAID IF HE DID, I WOULD ASK WASHINGTON TO SEND DOWN A TEAM TO HELP US DESIGN THE PROGRAM AND GET IT LAUNCHED ASAP.

3. THE HEART OF THE GOP'S WON EFFORT IS A SCHEME TO ESTABLISH POPULAR RESTAURANTS (COMEDORES POPULARES) IN

WORKING-CLASS AND SLUM DISTRICTS. THESE ESTABLISHMENTS WOULD OFFER CHEAP MEALS, OR PERHAPS EVEN MEALS IN IN RETURN FOR SCRIPT TO BE EARNED ON PUBLIC WORKS PROJECTS. DE LA PUENTE AND SILVA RUETE ASKED ME IF THD USG COULD FINANCE THE EQUIPMENT TO BE IMPORTED FOR THE RESTAURANTS, STOVES, REFRIGERATORS AND THE LIKE. THEY ESTIMATED THE AMOUNT INVOLVED AT AROUND \$8 MILLION. THE MINISTRY OF HEALTH WILL BE THE RESPONSIBLE AGENCY. I EXPRESSED DOUBT BUT, AFTER SEEING SECRETARY BLUMENTHAL'S LETTER TO THE FOREIGN MINISTER, AGREED TO INVESTIGATE THE POSSIBILITY OF EX-IM FINANCING ONCE A NEW STANDBY WITH THE IMF IS CONCLUDED

4. I HOPE THE DEPARTMENT SHARES MY VIEW THAT EXPANDING THE REACH OF TITLE II HERE SHOULD HAVE A HIGH PRIORITY AND THAT THE USAID MISSION PROPOSALS IN REF B AND THE ABS WILL RECEIVE STRONG SUPPORT N WASHINGTON. I WOULD ALSO APPRECIATE AN INFORMAL READING ON WHETHER EX-IM OR OTHER FINANCING MIGHT BE AVAILABLE FOR THE "POPULAR RESTAURANTS". ANY ADDITIONAL IDEAS FOR EXPANDING TITLE II AND MAKING IT MORE EFFECTIVE WOULD BE GRATEFULLY RECEIVED.
SHLAUDEMAM

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